

## Message Text

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12

ACTION ARA-17

INFO OCT-01 ADP-00 AID-20 EB-11 INR-10 CIAE-00 COME-00

TRSE-00 RSR-01 RSC-01 /061 W  
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R 062140 Z APR 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 1604

C O N F I D E N T I A L BUENOS AIRES 2410

E. O. 11652: GDS

TAGS: EAID

SUBJECT: IDB ANNUAL BOARD OF GOVERNORS' MEETING

REF: STATE 060794 AND 063490

1. FOLLOWING COMMENTS ARE KEYED TO PARA 2, STATE 060794:

A. ARGENTINE DELEGATION NOT YET SELECTED. MINISTER OF FINANCE JORGE WEHBE AND CENTRAL BANK PRESIDENT JORGE BERMUDEZ EMPARANZA WILL PROBABLY HEAD DELEGATION.

B. NONE.

C. ON SALTA GRANDE PROJECT: PROGRESS BEING MADE BY THE COMISION TECNICA MIXTA ( CTM) TO DECIDE ON WHICH ENGINEERING COMPANY WILL SUPERVISE PROJECT. BASICALLY, THREE COMPANIES WERE ALLOWED TO BID ON SUPERVISION PART OF WORK, TWO AMERICAN, HARZA AND CHARLES T. MAIN, ALONG WITH ONE CANADIAN, ACRES. HARZA AND ACRES PROPOSALS WERE ACCEPTED ON TECHNICAL GROUNDS AND MAIN PROPOSAL REJECTED. UNDER BIDDING PROCEDURE SECOND ENVELOPE CONTAINING PRICE QUOTATIONS WAS PRESENTED. MAIN ENVELOPE WAS PUT IN ESCROW AFTER ITS TECHNICAL PRESENTATION WAS REJECTED. ACRES PROPOSED CHARGING US BDWI MILLION AND HARZA US\$38 MILLION. CTM REJECTED BOTH HARZA' S AND ACRE' S OFFERS AS TOO HIGH PRICED AND BEGAN TO NEGOTIATE WITH MAIN, OPENING MAIN ENVELOPE AND FINDING PRICE ABOUT US\$20 MILLION. MAIN AND HARZA TECHNICAL SOLUTIONS ARE SIMILAR AND ARE CONSIDERED TECHNICALLY SUPERIOR TO ACRES PROPOSAL. CHARGES AND COUNTERCHARGES ARE FLYING IN ALL DIRECTIONS. CANADIAN EMBASSY  
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IN WASHINGTON HAS PROTESTED TO IDB BECAUSE US\$ 80 MILLION IN FINANCING IS TO BE MADE AVAILABLE FROM IDB RESOURCES FOR PROJECT. MAIN NEEDS USG SUPPORT DIRECTLY AND GOA SUPPORT TO LEAD SWAYING CTM TO TAKE A DECISION FAVORABLE TO MAIN. ( ACRES HAS TWO NEWLY ELECTED LEGISLATORS ON ITS LEGAL STAFF.)

( SEE BA 2033; BA-673; BA-1299; MONTEVIDEO 602; BA 643; BA-718)

D. NONE

E. (1) ARGENTINA MAY PROPOSE INCREASE IN CURRENT 15 PERCENT PREFERENCE FOR LOCALLY MANUFACTURED COMPONENTS OF IDB- FINANCED PROJECTS. ( FYI. IN ADDITION, ARGENTINE MANUFACTURERS ARE ENTITLED TO RECEIVE EXPORT REBATES FOR GOODS SUPPLIED ON CONTRACTS FINANCED BY INTERNATIONAL AGENCIES AS THOUGH THESE GOODS HAD BEEN EXPORTED. REBATE CURRENTLY RENGES FROM 10 TO 40 PERCENT. FOB VALUE GOODS. LEGISLATION IS APPARENTLY UNDER CONSIDERATION BY GOA TO INCREASE RATES OF REBATE ON PRODUCTS SUPPLIED ON THESE CONTRACTS.)

(2) DEGREE OF U. S. INFLUENCE IN BANK MAY ALSO BE TOUCHED ON BY ARGENTINE GOVERNOR ( WHO ALSO REPRESENTS CHILE).

II. EMBASSY WILL REPORT ANY FURTHER INFORMATION ON THESE QUESTIONS WHICH WE MAY DEVELOP.

GDS

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* CONFIDENTIAL

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